

A challenging 2021 ended with strong order intake that has continued in 2022



| SEK in millions | 2021 Q4 | 2020 Q4 | Δ % | 2021 Full year | 2020 Full year | Δ % |
|----------------------------|------------|------------|-----|-------------------|-------------------|-----|
| Revenue | 152.2 | 172.8 | -12 | 593.0 | 532.0 | 11 |
| Gross profit | 85.8 | 102.2 | -16 | 340.4 | 309.0 | 10 |
| Gross margin, % | 56.4 | 59.1 | | 57.4 | 58.1 | |
| EBITDA | 12.6 | 45.5 | -72 | 69.9 | 108.1 | -35 |
| EBITDA margin, % | 8.3 | 26.3 | | 11.8 | 20.3 | |
| Operating profit/loss | 1.3 | 40.2 | -97 | 24.9 | 95.4 | -74 |
| Operating margin, % | 0.9 | 23.3 | | 4.2 | 17.9 | |
| Profit/loss for the period | 1.3 | 27.5 | -95 | 14.5 | 61.2 | -76 |
| Earnings per share, SEK | 0.03 | 0.62 | -95 | 0.33 | 1.39 | -76 |
| Order intake | 160.0 | 125.6 | 27 | 628.1 | 525.7 | 19 |
| Order book | 224.7 | 123.2 | 82 | 224.7 | 123.2 | 82 |

“Market activity increased gradually at the end of 2021. A clear result of that is the five-year framework agreement we recently signed with the system integrator of a European vehicle program for the new RA4000 Magna™-headset. The contract is expected to be worth a total of approximately SEK 275 million. The future-oriented investments we have made, which include the acquisition of Racal Acoustics, have further strengthened our market-leading position. Although deliveries in early 2022 may still be affected by the pandemic, we believe in a return to more normal conditions in INVISIO’s markets during the year.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- INVISIO signed a partnership agreement and received a non-binding order for 200 Intercom systems from SkyRunner, manufacturer of ultralight aircraft for professional use.
- INVISIO received an order for 40 Intercom systems from a European NATO country.
- Another army in a European NATO-country chose INVISIO and submitted a first order for almost SEK 25 million.

IMPORTANT EVENTS AFTER THE QUARTER

- INVISIO signed a five-year framework agreement worth around SEK 275 million. The customer is a system integrator of a European vehicle program.
- The Board of Directors proposes a dividend of SEK 0.70 per share (0.70).

A challenging 2021 ended with strong order intake that has continued in 2022

After a long period marked by the pandemic and its consequences, the sales organizations in both the USA and Europe are experiencing a higher level of activity than for some time. The market activity increased considerably at the end of 2021 – and the positive trend has been further augmented at the beginning of 2022.

A sign of this is the five-year framework agreement for deliveries of the new RA4000 Magna™-headset, which we recently signed with a system integrator. The end customer is a European defense force and the agreement is expected to have a total value of about SEK 275 million.

In the fourth quarter we received a first order from an army in a European NATO-country, through a partner, for the personal system. The order value was almost SEK 25 million. This means that we can now say that we have one more country's army on our list of customers, which is significant for continued marketing. It is also gratifying that we have good reason to expect that the first order will be followed by another one worth about SEK 20 million within two months.

Order intake in the quarter was strong and the order book at year-end was SEK 224.7 million (123.2), which is a clear improvement on the previous year.

Earnings affected by weak sales and future-oriented investments

Sales for the quarter amounted to SEK 152.2 million (172.8) and for the full year increased to SEK 593.0 million (532.0). Growth in 2021 was 11 per cent and, adjusted for exchange rate effects, the increase was 15 per cent. The weaker sales growth is mainly because customers' purchasing processes have taken longer than before and there were challenges with carrying out tests during the pandemic. In addition, in 2021 some organizations have had to make temporary changes in budget priorities that impacted purchases negatively. During the quarter we were also affected by a number of delayed deliveries, which affected invoicing in the period.

It is worth pointing out again that INVISIO, in our assessment, has not lost any order or procurement. Delays and deferrals have affected the entire market. We now see clear tendencies towards a break in the trend and we perceive a pent-up need among market actors in both military and law enforcement and security sectors. Through continued investments in product development and organizational expansion during the pandemic, INVISIO further strengthened its market-leading position.

The gross margin for the quarter was 56.4 per cent (59.1) and for the full year 57.4 per cent (58.1). The level of the margin is lower than our internal target and is mainly due to the product and sales mix and somewhat higher costs for some components. However, we expect our own price increases over time will compensate for this.

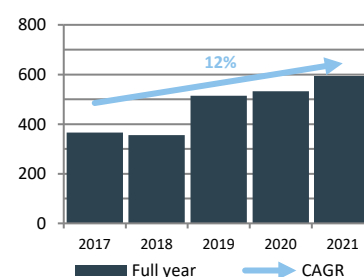
The EBITDA margin for the full year was 11.8 per cent (20.3).

The operating margin (EBIT) for the quarter was 0.9 per cent (23.3) and for the full year 4.2 per cent (17.9). The weak earnings trend both in the quarter and the full year is above all due to delayed sales of products under the INVISIO brand, but also to a higher cost level. The cost increases are due to the above-mentioned investments in line with our growth strategy, consolidation of Racal Acoustics, and substantially increased depreciation.



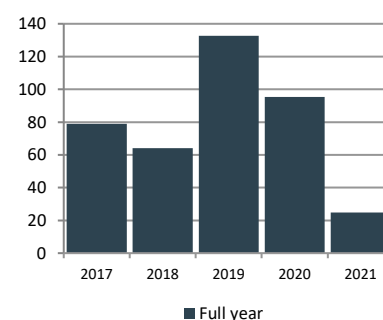
Lars Højgård Hansen, CEO

Sales (SEK million)



CAGR refers to the past 5 years.

EBIT (SEK million)



The average EBIT margin for the past 5 years was 17 per cent.

The result was negatively affected by the fact that, despite the delayed sales, we continued our future-oriented investments.

Sales of products under the Racal Acoustics brand are generating good growth

We see continued good demand for products under the Racal Acoustics brand intended for extremely noisy vehicle environments. Sales amounted to SEK 37.1 million during the quarter and to SEK 149.0 million for the eleven months that the solutions have been part of the INVISIO's product portfolio.

Sales of products under the Racal Acoustics brand are developing strongly.

Great interest in the Intercom system

The fourth quarter saw continued successes for the new Intercom system. For example, we received an order for some 40 systems from a European NATO country and a non-binding order for 200 systems from our partner SkyRunner - an American manufacturer of ultralight aircraft. The order is contingent on SkyRunner receiving its expected orders.

We also note that several of the customers who were first to buy the system are now submitting supplementary orders. This is an important sign of strength and entirely in line with our expectations.

Early Intercom customers are now submitting supplementary orders.

Several evaluation projects are currently ongoing with several customers in Europe and the USA and with several manufacturers and outfitters of transport vehicles, boats and helicopters. It is worth remembering, however, that considerable time often passes between initial tests and major volume orders.

Successes in the law enforcement and security market

The focus on law enforcement and security has continued to show strong development in the quarter. The earlier reinforcement of the sales organization and increased number of distribution partners is starting to yield results. We see a growing number of law enforcement units, both in the USA and Europe, using our solutions, which is promising for growth in 2022.

In 2021 collaboration with the Swedish Police Authority has been intensified, which resulted in the two 2019 framework agreements being extended by another year.

Continued strong growth opportunities

Despite the challenges in the business environment, in 2021 INVISIO decided to consistently carry out its growth strategy for product development and organizational development. The future-oriented investments we have made, which include the acquisition of Racal Acoustics, have further strengthened our market-leading position. We are quite convinced that this will reap good rewards going forward.

Despite challenges resulting from the pandemic, INVISIO has continued to carry out its growth strategy.

The underlying need in the market is great, as is the interest in our products. In 2022 we plan to be involved in more than 60 trade fairs worldwide. That is more than ever before. Although deliveries in early 2022 may still be affected by the pandemic, we believe in a return to more normal conditions in INVISIO's markets during the year. Now we are really looking forward to doing business again.

Lars Højgård Hansen, CEO

Sales and profit

Fourth quarter 2021

Sales in the fourth quarter amounted to SEK 152.2 million (172.8), a decrease of 12 per cent compared with the corresponding period in the previous year. Adjusted for exchange rate effects, sales decreased by 10 per cent. Sales of products under the INVISIO brand amounted in total to SEK 115.2 million (172.8). Sales of the Racal Acoustics product line continued to show strong growth, contributing SEK 37.1 million in total.

The order intake in the quarter was SEK 160.0 million (125.6). The order book at the close of the quarter amounted to SEK 224.7 million (123.2). Most of INVISIO's deliveries take place in the two quarters directly following receipt of orders. Deliveries of products sold under the Racal Acoustics brand may, however, lie further in the future. It is not unusual for a first part-delivery to be within six months and the following deliveries within 12-36 months, in accordance with the customers' roll-out plans.

Gross profit was SEK 85.8 million (102.2) and the gross margin was 56.4 per cent (59.1). The level of the margin is due, among other things, to the product and sales mix and somewhat higher costs for some components. Our own price increases are expected to compensate for this over time.

Operating expenses in the quarter were SEK 84.5 million (61.9). The increase refers to a larger organization in accordance with the growth strategy, consolidation of Racal Acoustics and substantially increased depreciation/amortization.

Depreciation/amortization in the quarter amounted to SEK 11.3 million (5.2). The higher level is partly due to depreciation of several completed development projects. This depreciation amounted during the period to SEK 4.9 million, compared with SEK 3.5 million in the corresponding period in 2020. Of the remaining SEK 6.4 million (1.7), SEK 3.0 million (-) refers to amortization of other intangible assets (customer relations, technology and trademark) arising in connection with the acquisition of Racal Acoustics. Amortization of rights of use (leases) of SEK 2.0 million (1.2) is also included, as well as depreciation of property, plant and equipment of SEK 1,4 million (0.5). For further information, please see Note 3 on page 14 of this report.

EBITDA was SEK 12.6 million (45.5), which resulted in a margin of 8.3 per cent (26.3).

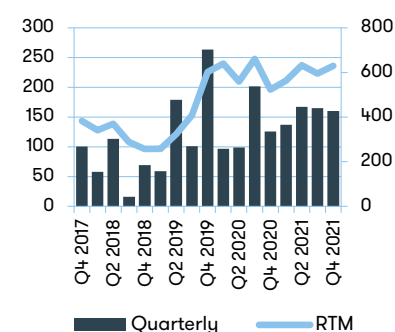
The operating profit (EBIT) was SEK 1.3 million (40.2). The operating margin was 0.9 per cent (23.3). The lower earnings can be mainly explained by a delay in sales of products under the INVISIO brand and a higher cost level. The cost increases are due to investments in line with the company's growth strategy, consolidation of Racal Acoustics and substantially increased depreciation. The average operating margin for the last five years was 17 per cent.

During the quarter development costs of SEK 4.0 million (4.0) were capitalized.

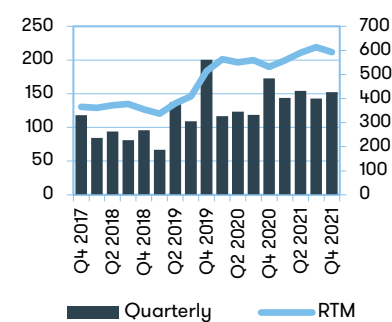
Net financial income was SEK 0.8 million (-1.4).

Profit before tax amounted to SEK 2.1 million (38.9) and profit for the period was SEK 1.3 million (27.5). Earnings per share were SEK 0.03 (0.62).

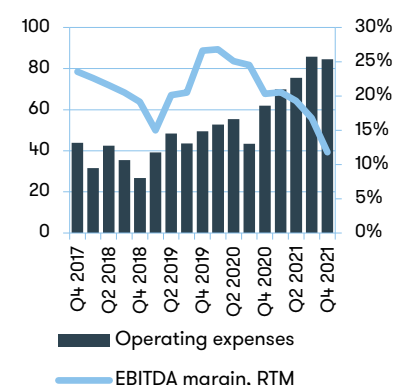
Order intake per quarter and rolling 12 months (SEK million)



Sales per quarter and rolling 12 months (SEK million)



Operating expenses per quarter (SEK million) and EBITDA margin rolling 12 months (per cent)



Full year 2021

Sales for the full year 2021 amounted to SEK 593.0 million (532.0), an increase of 11 per cent compared to the full year 2020. Adjusted for exchange rate effects, growth was 15 percent. In the period February to December Racal Acoustics contributed SEK 149.0 million.

Gross profit for 2021 was SEK 340.4 million (309.0) and the gross margin was 57.4 per cent (58.1).

Operating expenses for the full year were SEK 315.5 million (213.6). The cost increases are due above all to future-oriented investments in the form of a larger organization in R&D and sales in accordance with the growth strategy, consolidation of Racal Acoustics and increased depreciation.

Development costs of SEK 14.9 million (19.1) were capitalized during the year. Operating expenses include depreciation of SEK 45.1 million (12.7). The higher level of depreciation is due mainly to the completion of several development projects and amortization of other intangible assets arising in connection with the acquisition of Racal Acoustics. Amortization of rights of use (leases) is also included, as well as depreciation of property, plant and equipment. For further information, please see Note 3 on page 14 of this report.

EBITDA was SEK 69.9 million (108.1), which resulted in a margin of 11.8 per cent (20.3).

Operating profit for the period was SEK 24.9 million (95.4) and the operating margin was 4.2 per cent (17.9).

Net financial income was SEK -1.3 million (-10.5).

Profit before tax amounted to SEK 23.5 million (84.9) and profit for the period was SEK 14.5 million (61.2). Earnings per share were SEK 0.33 (1.39).

Cash flow, investments and financial position

Cash flow and investments

The Group's cash flow for the full year 2021 was SEK -27.9 million (20.7), of which cash flow from operating activities was SEK 91.0 million (85.6).

The Group's investments in 2021 were SEK 191.9 million (25.4), of which SEK 185.6 million referred to investments in the subsidiary Racal Acoustics. Capitalized development costs were SEK 14.9 million (19.1) and net investment in property, plant and equipment amounted to SEK 3.7 million (6.2).

During the second half of the year the Group sold the rights to a product line that had previously been licensed out by Racal Acoustics. The selling price was SEK 12.5 million and has a direct impact on cash flow from investing activities. The sale did not affect profit.

Cash flow from financing activities was SEK 73.0 million (-39.5), of which SEK 85.0 million (-) was loans taken up including amortization.

14%

Investments in R&D for 2017-2021 amounted to an average of 14 per cent per year of the company's total revenue.

The inventory value amounted to SEK 117.5 million (115.7) at the close of the year.

Cash and cash equivalents and financial position

INVISIO has a sound financial position. The Group's cash and cash equivalents at the year-end amounted to SEK 134.8 million (157.7). Group equity at year-end amounted to SEK 417.5 million (378.9), which gave an equity/assets ratio of 61 per cent (73).

Parent company

Net sales for the parent company for the full year 2021 amounted to SEK 0.1 million (0.1). The operating profit was SEK -8.8 million (-8.6). Net financial income amounted to SEK 23.8 million (160.3), of which dividend from subsidiaries was SEK 26.8 million (160.0). Full year earnings were SEK 15.0 million (151.6).

At year-end the parent company's cash and bank balances amounted to SEK 41.8 million (38.9). Equity was SEK 247.2 million (232.3), which gave an equity/assets ratio of 71 per cent (98). The number of employees in the parent company was 1 (1).

Employees

The number of employees in the Group, restated as full-time positions, was 187 (125) at the close of the year. Of the employees, 154 were men (103) and 33 women (22).

Other information

Material risks and uncertainties

INVISIO's business and earnings are affected by a number of external and internal factors. A continuous process is conducted to identify all existing risks and to assess how each respective risk is to be managed. INVISIO's risks can be divided into market, operational, and financial risks. For a more detailed description of these risks, please refer to INVISIO's annual report for 2020.

Financial instruments

The fair value of the Group's financial assets and liabilities is estimated to be equal to the book value.

Dividend

INVISIO's dividend policy has been adjusted with a minor clarification in the form of the words "over time", which have been inserted in the sentence "The dividend target is that over time it should constitute 25 to 50 per cent of profit after tax."

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.70 per share be distributed for 2021 (0.70).

According to the dividend policy adopted by the Board, the dividend size must take into account INVISIO's long-term growth and earnings trend as well as capital needs, taking financial targets into consideration. The dividend target is that over time it should constitute 25 to 50 per cent of profit after tax.

During the last five-year period, SEK 147 million has been distributed to shareholders, corresponding to a dividend share of 40 per cent of INVISIO's total profit after tax of SEK 365 million. Including this year's proposed dividend, the dividend share corresponds to 47 per cent.

Review

This Year-end bulletin has not been reviewed by the company's auditors.

Annual General Meeting for the 2021 financial year

INVISIO's Annual General Meeting for the 2021 financial year will be held in Stockholm on May 4, 2022, at 13:00. Shareholders wishing to have a matter considered at the Annual General Meeting can send a written request by email to ir@invisio.com or by ordinary mail addressed to: The Board of Directors, INVISIO AB, P O Box 151, SE 201 21 Malmö. Any request must have been received at least seven weeks before the Meeting in order to be included in the notice to attend and thus the agenda of the Annual General Meeting.

INVISIO is following closely developments regarding any changes in the rules for the form and arrangement of the Annual General Meeting.

Financial calendar

| | |
|---------------------------------------|--------------------|
| Interim report January - March 2022 | May 4, 2022 |
| Annual General Meeting 2022 | May 4, 2022, 13:00 |
| Interim report January - June 2022 | July 22, 2022 |
| Interim report January-September 2022 | October 27, 2022 |

The annual report for the 2021 financial year will be available on the website www.invisio.com at the latest three weeks before the Annual General Meeting.

Stockholm, February 14, 2022.

Lars Højgård Hansen
President/CEO

For further information, please contact

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Public disclosure

This information is information that INVISIO AB (publ) is obliged to disclose under the EU Market Abuse Regulation. The information was released for public disclosure, through the agency of the President/CEO, on February 14, 2022, at 14.00 CET.

Address

INVISIO AB | PO Box 151 | SE 201 21 Malmö

INVISIO AB is a Swedish limited company listed on Nasdaq Stockholm. The company's share is traded under the ticker name IVSO and the ISIN code is SE0001200015.

Invitation to conference call

INVISIO invites the media, investors and analysts to a conference call on Tuesday, February 15, at 10.00 CET, when the President and CEO Lars Højgård Hansen will present INVISIO's year-end report for 2021.

The conference call will be held in English, starting with a brief presentation of the report followed by a question-and-answer session.

Telephone numbers for the conference call

To participate in the conference call, dial one of the numbers below. Please dial in 5–10 minutes prior to the scheduled starting time to facilitate a timely start.

Standard international:

+44 (0) 207 192 83 38

Sweden (Local number):

+46 (0) 8 56 618 467, (Free of charge): +46 (0) 200 125 160

Denmark (Local number):

+45 32 720 417, (Free of charge): +45 80 711 246

United Kingdom (Local number):

+44 (0) 8 444 819 752, (Free of charge): +44 (0) 8 002 796 619

Germany (local number):

+49 (0) 6 922 222 625, (Free of charge): +49 (0) 8 007 234 756

France (Local number):

+33 (0) 170 700 781, (Free of charge): +33 (0) 805 101 465

Switzerland (Local number):

+41 (0) 445 807 145, (Free of charge): +41(0) 800 000 367

Conference-ID: 1129 026

Webcast

To follow the presentation online, use the link below:

<https://edge.media-server.com/mmc/p/b6o4n4wf>

For further information, please contact

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INVISIO in brief

The core of INVISIO's business is to develop and market, on the basis of good customer understanding and innovative capacity, advanced communication systems that help professionals in noisy and mission critical environments to work more safely and effectively while protecting their hearing.

The personal system and Intercom solution

INVISIO's offer consists of both personal communication systems for use in the field and in vehicles, and an Intercom system for use in various forms of transport. The personal equipment reduces high noise levels and enables disruption-free communication in noisy and mission critical environments. The Intercom system makes it possible for users of the personal equipment to communicate within the group and with others while on the move. The products are marketed under the INVISIO and Racal Acoustics brands.

A structurally growing niche market

INVISIO mainly addresses customers in the military and defense as well as law enforcement and security in the USA, Europe and selected countries in Asia. The company estimates that the annual value of the total addressable market for personal equipment and the Intercom system amounts to about SEK 14 billion.

At present more than 85 per cent of revenue comes from European and American defense customers. However, the company sees steadily increasing business opportunities in the law enforcement and security market as well as new geographical markets.

Sales primarily through own channels

Sales are from the headquarters in Copenhagen and via our own sales offices in the USA, France, Italy and the United Kingdom. Sales are also via a global network of partners and resellers. Major business transactions are normally via procurements, which often take a long time due to extensive administrative processes and customer tests. INVISIO has long-term framework agreements with defense and law enforcement authorities including in the USA, Canada, United Kingdom, Australia, Sweden and Denmark.

Uneven order flow and sales

Both order intake and sales can fluctuate substantially between quarters and the company's development should therefore be evaluated in a longer time perspective than an individual quarter or year.

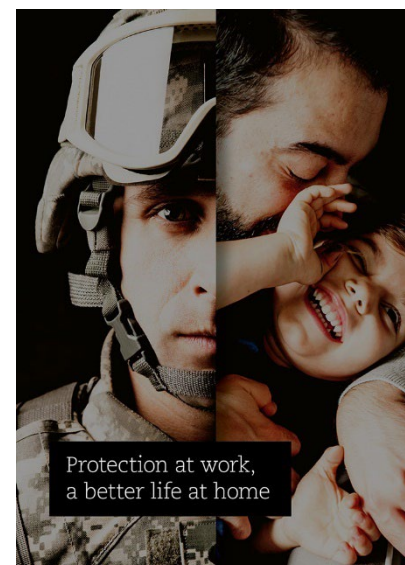
An organizational structure focused on core business

INVISIO focuses on development, marketing and sales, while selected European contract manufacturers are responsible for manufacturing the products. Outsourcing manufacture to external partners ensures the flexibility to be able to manage variations in order volumes.

High growth with sound profitability

INVISIO is a distinct growth company with the financial targets of an average sales increase of 20 per cent per year and an operating margin that exceeds 15 per cent. In the five-year period 2017-2021 average sales have grown annually by about 12 per cent and the average operating margin has been about 17 per cent.

The share is listed on Nasdaq Stockholm and is in the Mid Cap segment.



By enabling safe communication and hearing protection in critical situations INVISIO creates value for both individuals and society as a whole.

Users

- Safer work environment
- Increased operational capacity
- Prevents lifelong hearing loss and related problems

Society

- Higher efficiency
- Lower costs for rehabilitation and compensation for hearing loss

Condensed consolidated income statement and consolidated statement of comprehensive income

| SEK in millions | Note | 2021 Q4 | 2020 Q4 | 2021 Full year | 2020 Full year |
|--|------|-------------|--------------|-------------------|-------------------|
| Revenue | 2 | 152.2 | 172.8 | 593.0 | 532.0 |
| Cost of goods sold | | -66.4 | -70.6 | -252.6 | -222.9 |
| Gross profit | | 85.8 | 102.2 | 340.4 | 309.0 |
| Operating expenses* | 3 | -84.5 | -61.9 | -315.5 | -213.6 |
| Operating profit/loss | | 1.3 | 40.2 | 24.9 | 95.4 |
| Net financial items | | 0.8 | -1.4 | -1.3 | -10.5 |
| Profit/loss before tax | | 2.1 | 38.9 | 23.5 | 84.9 |
| Income tax | 4 | -0.9 | -11.4 | -9.0 | -23.7 |
| Profit/loss for the period | | 1.3 | 27.5 | 14.5 | 61.2 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| <i>Items that may subsequently be reclassified to profit and loss</i> | | | | | |
| Translation differences | | 8.8 | -17.7 | 24.1 | -14.4 |
| Comprehensive income for the period | | 10.0 | 9.7 | 38.6 | 46.8 |
| <i>(Profit/loss attributable to equity holders of the parent company.)</i> | | | | | |
| *Depreciation/amortization incl. in operating expenses | 3 | -11.3 | -5.2 | -45.1 | -12.7 |
| Per-share data | | | | | |
| Earnings per share, SEK | | 0.03 | 0.62 | 0.33 | 1.39 |
| Earnings per share after dilution, SEK | | 0.03 | 0.68 | 0.32 | 1.37 |
| Shareholders' equity per share, SEK | | 9.37 | 8.59 | 9.37 | 8.59 |
| Shareholders' equity per share after dilution, SEK | | 9.26 | 8.28 | 9.26 | 8.28 |
| Equity ratio, % | | 61 | 73 | 61 | 73 |
| Number of shares, thousand | | 44,540 | 44,098 | 44,540 | 44,098 |
| Average number of outstanding shares, thousand | | 44,540 | 44,098 | 44,358 | 44,098 |
| Average number of outstanding shares after dilution, thousand | | 45,098 | 45,798 | 45,098 | 45,578 |
| Share price at end of period, SEK | | 163.80 | 250.00 | 163.80 | 250.00 |

Condensed consolidated statement of financial position

SEK in millions

| Assets | Note | 31/12/2021 | 31/12/2020 |
|-------------------------------|-------------|-------------------|-------------------|
| Goodwill | 5 | 54.5 | - |
| Capitalized development costs | 3 | 92.6 | 94.8 |
| Other intangible assets | 3, 5 | 89.3 | - |
| Equipment | 3 | 17.1 | 4.1 |
| Right-of-use assets, leases | 3 | 33.7 | 24.0 |
| Deposits for rent, long-term | | 2.4 | 2.3 |
| Deferred tax assets | 4 | 3.2 | 2.8 |
| Inventories | | 117.5 | 115.7 |
| Trade receivables | | 117.6 | 100.4 |
| Other short-term receivables | | 27.3 | 14.0 |
| Cash and cash equivalents | | 134.8 | 157.7 |
| Total assets | | 690.0 | 515.8 |

Shareholders' equity and liabilities

| | | | |
|---|---|--------------|--------------|
| Shareholders' equity | | 417.5 | 378.9 |
| Liabilities to credit institutions | | 85.0 | - |
| Lease liabilities | | 34.3 | 23.8 |
| Deferred tax liabilities | 4 | 35.5 | 20.5 |
| Trade payables | | 34.1 | 35.3 |
| Other current liabilities | | 83.7 | 57.3 |
| Total shareholders' equity and liabilities | | 690.0 | 515.8 |

Condensed consolidated statement of changes in equity

| | 2021 | 2020 |
|---|------------------|------------------|
| | Full year | Full year |
| Opening balance | 378.9 | 366.0 |
| New issue through exercising employee stock options | 26.9 | - |
| Employee stock option program | 3.9 | 3.5 |
| Dividend | -30.9 | -37.5 |
| Comprehensive income for the period | 38.6 | 46.8 |
| Closing balance | 417.5 | 378.9 |

Condensed consolidated statement of cash flow

| <i>SEK in millions</i> | Note | 2021 Q4 | 2020 Q4 | 2021 Full year | 2020 Full year |
|--|------|-------------|-------------|-------------------|-------------------|
| Operating activities | | | | | |
| Profit/loss before tax | | 2.1 | 38.9 | 23.5 | 84.9 |
| Adjustments for non-cash items | | 11.8 | 10.8 | 47.7 | 24.0 |
| Income tax paid | | -6.7 | -7.0 | -9.0 | -12.3 |
| Cash flow from operating activities before changes in working capital | | 7.2 | 42.6 | 62.2 | 96.7 |
| Changes in inventories | | 1.7 | 21.4 | 21.5 | -27.1 |
| Changes in operating receivables | | 20.4 | -21.6 | 17.1 | -1.6 |
| Changes in operating liabilities | | -6.3 | 8.0 | -9.9 | 17.6 |
| <i>Cash flow from changes in working capital</i> | | 15.8 | 7.8 | 28.8 | -11.1 |
| Cash flow from operating activities | | 23.1 | 50.4 | 91.0 | 85.6 |
| Investing activities | | | | | |
| Capitalization of development costs | | -4.0 | -4.0 | -14.9 | -19.1 |
| Changes in other intangible assets | | 0.4 | - | 12.5 | - |
| Investments in subsidiaries | 5 | - | - | -185.6 | - |
| Acquisition of property, plant, and equipment | | -0.3 | -3.5 | -3.7 | -6.2 |
| Acquisition of financial assets | | 0.0 | -0.1 | -0.1 | -0.1 |
| Cash flow from investing activities | | -3.9 | -7.6 | -191.9 | -25.4 |
| Financing activities | | | | | |
| New issues through exercising employee stock options | | - | - | 26.9 | - |
| Borrowings | | -5.0 | - | 85.0 | - |
| Changes in lease liabilities | | -2.0 | -0.2 | -8.0 | -2.1 |
| Dividend paid | | - | - | -30.9 | -37.5 |
| Cash flow from financing activities | | -7.0 | -0.2 | 73.0 | -39.5 |
| CASH FLOW FOR THE PERIOD | | 12.2 | 42.7 | -27.9 | 20.7 |
| Cash and cash equivalents at start of period | | 120.9 | 123.7 | 157.7 | 145.1 |
| Translation differences in cash and cash equivalents | | 1.7 | -8.6 | 5.0 | -8.1 |
| Cash and cash equivalents at end of period | | 134.8 | 157.7 | 134.8 | 157.7 |

Condensed parent company income statement

| SEK in millions | 2021 Q4 | 2020 Q4 | 2021 Full year | 2020 Full year |
|--|-------------|--------------|-------------------|-------------------|
| Revenue | 0.0 | 0.0 | 0.1 | 0.1 |
| Operating expenses | -2.4 | -2.1 | -8.9 | -8.7 |
| Operating profit/loss | -2.4 | -2.1 | -8.8 | -8.6 |
| Net financial items** | 26.2 | 110.1 | 23.8 | 160.3 |
| Profit/loss before tax | 23.8 | 108.0 | 15.0 | 151.6 |
| Income tax | - | - | - | - |
| Profit/loss for the period | 23.8 | 108.0 | 15.0 | 151.6 |
| **Of which, dividend from subsidiaries | 26.8 | 110.0 | 26.8 | 160.0 |

Condensed parent company balance sheet

| SEK in millions | 31/12/2021 | 31/12/2020 |
|---|---------------------------|---------------------------|
| Assets | | |
| Participations in Group companies | 304.0 | 88.9 |
| Receivables from Group companies | - | 108.7 |
| Other current receivables | 0.4 | 0.8 |
| Cash and bank balances | 41.8 | 38.9 |
| Total assets | 346.2 | 237.3 |
| Shareholders' equity and liabilities | | |
| Restricted shareholders' equity | 66.1 | 65.7 |
| Non-restricted shareholders' equity | 181.1 | 166.6 |
| Liabilities to credit institutions | 85.0 | - |
| Trade payables | 0.5 | 0.6 |
| Liabilities to Group companies | 11.4 | 2.7 |
| Other current liabilities | 2.0 | 1.7 |
| Total shareholders' equity and liabilities | 346.2 | 237.3 |
| | | |
| Parent company changes in shareholders' equity | 2021 Full year | 2020 Full year |
| Opening balance | 232.3 | 114.6 |
| New issues through exercising employee stock options | 26.9 | - |
| Employee stock option program | 3.9 | 3.5 |
| Dividend | -30.9 | -37.5 |
| Profit/loss for the period** | 15.0 | 151.6 |
| Closing balance | 247.2 | 232.3 |
| **Of which, dividend from subsidiaries | 26.8 | 160.0 |

Notes

Note 1. Accounting policies and valuation principles

The interim report for the Group was prepared in accordance with IAS 34, the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Groups, and the Annual Accounts Act. The parent company's accounts were prepared in accordance with RFR2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting policies applied are consistent with the policies described in INVISIO's annual report for 2020.

New standards

None of the new standards and amendments of interpretations and existing standards which are effective for financial years starting on or after January 1, 2021, have had any significant impact on the Group's financial statements.

Note 2. Revenue by geographical area

| | 2021 | 2020 | 2021 | 2020 |
|-------------------|--------------|--------------|--------------|--------------|
| SEK in millions | Q4 | Q4 | Full year | Full year |
| Sweden | 19.7 | 14.4 | 36.6 | 26.0 |
| Europe | 48.2 | 31.6 | 218.8 | 181.0 |
| North America | 59.3 | 96.5 | 253.3 | 280.1 |
| Rest of the world | 25.0 | 30.3 | 84.3 | 44.9 |
| Total | 152.2 | 172.8 | 593.0 | 532.0 |

Note 3. Depreciation/amortization

| | 2021 | 2020 | 2021 | 2020 |
|---|-------------|------------|-------------|-------------|
| SEK in millions | Q4 | Q4 | Full year | Full year |
| Depreciation of capitalized development costs | 4.9 | 3.5 | 18.9 | 6.4 |
| Amortization of Other intangible assets* | 3.0 | - | 11.1 | - |
| Amortization of Right of use assets, leases | 2.0 | 1.2 | 9.3 | 4.4 |
| Depreciation of Equipment | 1.4 | 0.5 | 5.7 | 1.9 |
| Total | 11.3 | 5.2 | 45.1 | 12.7 |

*Other intangible assets consists of values allocated to intangible assets, such as customer relations, technology and trademarks, in connection with the acquisition of Racal Acoustics.

Note 4. Taxes

Deferred tax assets referring to tax loss carry forwards are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. An individual assessment is made of each company with reference to historical performance and possibilities of utilizing loss carry-forwards.

The Group's total loss carry-forwards as of December 31, 2021 were SEK 135.5 million (123.7), of which SEK 0 million (0.0) has been capitalized. Unutilized

loss carry-forwards amounted to SEK 135.5 million (123.7) and refer mainly to the parent company and cannot be capitalized at present. All loss carry-forwards have an unlimited life.

| SEK in millions | | |
|--|--------------|--------------|
| | 31/12/2021 | 31/12/2020 |
| Deferred tax assets | | |
| Receivables attributable to other temporary differences | 3.2 | 2.8 |
| Closing balance | 3.2 | 2.8 |
| Deferred tax liabilities | | |
| Liabilities attributable to capitalized development costs in Denmark | -19.9 | -20.9 |
| Liabilities attributable to temporary differences in other intangible assets | -16.1 | - |
| Receivables attributable to other temporary differences in Denmark | 0.4 | 0.4 |
| Closing balance | -35.5 | -20.5 |

Note 5. Business combinations

On January 29, 2021, INVISIO acquired 100 per cent of the shares in Racal Acoustics Ltd and its sister company Racal Acoustics Inc. Since the date of the acquisitions, their impact on the Group's net sales was SEK 149.0 million. If the acquisition had been completed on January 1, 2021, the effect on the Group's net sales would have been SEK 159.9 million.

The assets and liabilities included in the year's acquisitions, according to the preliminary acquisition analysis are as follows:

| SEK in millions | |
|---|--------------|
| Acquisition price | |
| Purchase price, cash | 202.1 |
| Total | 202.1 |
| Fair value of acquired assets and liabilities | |
| Intangible assets | 106.4 |
| Other non-current assets | 32.1 |
| Inventories | 17.6 |
| Other current assets | 37.9 |
| Cash and cash equivalents | 16.5 |
| Deferred tax liability | -20.1 |
| Other liabilities | -39.5 |
| Total | 150.9 |
| Goodwill* | 51.2 |
| Change in the Group's cash and cash equivalents | |
| Purchase price paid in cash | 202.1 |
| Less cash and cash equivalents in the acquired operations | -16.5 |
| Impact on the Group's cash and cash equivalents | 185.6 |

*In the year, the preliminary acquisition analysis from the acquisition of Racal Acoustics has been updated, which decreased the goodwill with SEK 4.8 million.

Financial key figures, alternative performance measures and other definitions

INVISIO's financial statements include financial key figures that are specified in current financial reporting rules, alternative key figures (APM) in accordance with ESMA's definition and other key figures related to the business. The alternative performance measures are regarded as relevant for an investor who wants to understand the company's results and financial position better. Definitions and reconciliation of the alternative performance measures that are not directly reconcilable with the financial statements can be found below. Reconciliation is against the closest comparable IFRS financial measure.

Gross margin

Gross profit as a percentage of total income.

Operating margin

Operating profit as a percentage of total revenue.

Profit margin

Profit for the year as a percentage of total revenue.

EBITDA

Operating profit before depreciation/amortization and impairment losses.

EBIT (Operating profit)

Operating profit after depreciation/amortization and impairment losses. INVISIO defines EBIT (earnings before interest and tax) in the same way as Operating profit.

Operating expenses

Selling and marketing costs, Administrative expenses and Development costs.

Net financial items

Financial income less Financial expenses.

Equity/assets ratio

Equity divided by total assets (balance sheet total).

Number of shares

Number of outstanding shares at the close of the period.

Number of shares after dilution

Number of outstanding shares at the close of the period plus the number of shares that would be added if all potential dilutive shares were converted to shares.

Only the option programs whose issue price is less than the average market price of the shares during the period can lead to a dilutive effect.

Average number of outstanding shares

Weighted average of the number of outstanding shares during the period.

Average number of outstanding shares after dilution

Weighted average of the number of outstanding shares during the period plus a weighted number of shares that would be added if all dilutive potential shares were converted to shares. Only the option programs whose issue price is less than the average market price of the shares during the period can lead to a dilutive effect.

Earnings per share

Profit for the year divided by the average number of outstanding shares.

Earnings per share after dilution

Profit for the year in relation to the number of shares outstanding after dilution.

Equity per share

Equity divided by the number of outstanding shares adjusted for non-registered issues.

Shareholders' equity per share after dilution

Shareholders' equity divided by the number of outstanding shares after dilution.

Number of employees at close of period

The number of employees on the date of the last monthly salary payment for the period.

Reconciliation of alternative performance measures

| SEK in millions | | 2021 Q4 | 2020 Q4 | 2021 Full year | 2020 Full year |
|--|------------|-------------|-------------|-------------------|-------------------|
| Gross profit | A | 85.8 | 102.2 | 340.4 | 309.0 |
| Operating expenses | B | 84.5 | 61.9 | 315.5 | 213.6 |
| EBIT (Operating profit) | A-B | 1.3 | 40.2 | 24.9 | 95.4 |
| EBIT (Operating profit/loss) | A | 1.3 | 40.2 | 24.9 | 95.4 |
| Depreciation, amortization and impairment losses | B | 11.3 | 5.2 | 45.1 | 12.7 |
| EBITDA | A+B | 12.6 | 45.5 | 69.9 | 108.1 |

| SEK in millions | | 31/12/2021 | 31/12/2020 |
|---|------------|-------------|-------------|
| Equity | A | 417.5 | 378.9 |
| Number of shares, thousands | B | 44,540 | 44,098 |
| Shareholders' equity per share, SEK | A/B | 9.37 | 8.59 |
| Equity | A | 417.5 | 378.9 |
| Number of shares after dilution, thousands | B | 45,098 | 45,758 |
| Shareholders' equity per share after dilution, SEK | A/B | 9.26 | 8.28 |

Overview - eight past quarters

| SEK in millions | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 |
|--------------------------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Revenue | 116.8 | 123.6 | 118.7 | 172.8 | 143.7 | 154.3 | 142.7 | 152.2 |
| Cost of goods sold | -49.6 | -43.7 | -59.0 | -70.6 | -61.1 | -64.8 | -60.3 | -66.4 |
| Gross profit | 67.2 | 79.9 | 59.8 | 102.2 | 82.7 | 89.6 | 82.4 | 85.8 |
| Operating expenses | -52.8 | -55.4 | -43.4 | -61.9 | -69.9 | -75.4 | -85.7 | -84.5 |
| Operating profit/loss | 14.4 | 24.4 | 16.4 | 40.2 | 12.8 | 14.2 | -3.4 | 1.3 |
| Net financial items | -0.5 | -0.5 | -8.2 | -1.4 | -2.1 | -1.1 | 1.0 | 0.8 |
| Profit/loss before tax | 13.9 | 24.0 | 8.2 | 38.9 | 10.7 | 13.0 | -2.3 | 2.1 |
| Income tax | -4.5 | -5.9 | -1.9 | -11.4 | -4.0 | -3.7 | -0.5 | -0.9 |
| Profit/loss for the period | 9.4 | 18.1 | 6.2 | 27.5 | 6.7 | 9.4 | -2.8 | 1.3 |
| Cash flow from operating activities | 51.9 | 49.7 | -66.5 | 50.4 | 34.0 | 25.4 | 8.5 | 23.1 |
| Gross margin, % | 57.5 | 64.6 | 50.3 | 59.1 | 57.5 | 58.0 | 57.7 | 56.4 |
| Operating margin, % | 12.3 | 19.8 | 13.8 | 23.3 | 8.9 | 9.2 | -2.4 | 0.9 |
| Profit margin % | 8.1 | 14.6 | 5.2 | 15.9 | 4.7 | 6.1 | -2.0 | 0.8 |
| Equity ratio, % | 76 | 72 | 73 | 73 | 57 | 59 | 58 | 61 |
| Earnings per share, SEK* | 0.21 | 0.41 | 0.14 | 0.62 | 0.15 | 0.21 | -0.06 | 0.03 |
| Shareholders' equity per share, SEK* | 9.03 | 8.14 | 8.35 | 8.59 | 9.05 | 9.08 | 9.13 | 9.37 |

* Before dilution